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ACTION ARA-17

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FM AMEMBASSY SAN JOSE

TO SECSTATE WASHDC 3923

INFO AMEMBASSY GUATEMALA

AMEMBASSY MANAGUA

AMEMBASSY PANAMA

AMEMBASSY SAN SALVADOR

AMEMBASSY TEGUCIGALPA

C O N F I D E N T I A L SAN JOSE 1564

REF: SAN JOSE A-162, SEPTEMBER 6, 1972

SUMMARY: COSTA RICAN LEGISLATIVE ASSEMBLY HAS NAMED SPECIAL COMMITTEE TO INVESTIGATE ACTIVITIES OF U. S.- OWNED FIRM, OSA PRODUCTOS FORESTALES LTDA., WITH REGARD TO CHARGES THAT COMPANY IS ABUSING LAND SQUATTERS AND ILLEGALLY ADVERTISING PARCELS FOR SALE IN THE UNITED STATES. ONE OF THE PROMOTERS OF THIS OPERATION IS A GLIB AMERICAN PROMOTOR NAMED DONALD P. ALLEN, AGAINST WHOM A DEFAMATORY CAMPAIGN IS BEING CONDUCTED. THE GENERAL ISSUE OF LAND SALES TO FOREIGNERS IS LIKELY TO BECOME A CAMPAIGN ISSUE, IN THE FEBRUARY 1974 ELECTIONS.

ACTION REQUESTED: EMBASSY NEEDS ANY INFORMATION OTHER CA EMBASSIES MAY HAVE ABOUT ACTIVITIES OF ALLEN, AND REQUESTS DEPARTMENT RUN NAME CHECK ON HIM WITH U. S. AGENCIES. END SUMMARY.

1. THE LEGISLATIVE ASSEMBLY ON MAY 3 DECIDED TO NAME A SPECIAL COMMITTEE TO INVESTIGATE THE ACTIVITIES OF A U. S.- OWNED FIRM-- OSA PRODUCTOS FORESTALES LTD.-- WHICH HOLDS TITLE TO A SUBSTANTIAL AMOUNT OF THE OSA
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PENINSULA IN SOUTHWESTERN COSTA RICA. THE ASSEMBLY'S ACTION WAS PROMPTED BY REPORTS THAT THE FIRM HAS BEEN ABUSING LOCAL RESIDENTS, ESPECIALLY LAND SQUATTERS WHO MAY HAVE " ILLEGALLY INVADED" THE COMPANY'S PROPERTIES. OPPOSITION DEPUTY LONGINO SOTO ALSO CHARGED THAT THE COMPANY IS ADVERTISING THE SALE OF 129,000 ACRES-- LARGELY TO FOREIGNERS-- WHICH IT HAS NOT RECEIVED GOCR PERMISSION TO SUBDIVIDE. LONGINO ALSO THREATENED TO INTRODUCE A BILL TO REGULATE ALL ACQUISITION OF COSTA RICAN LAND BY FOREIGNERS.

2. OSA PRODUCTOS FORESTALES LTDA. ACQUIRED A VAST AMOUNT OF LAND (SOME ESTIMATES PUT IT AT AS MUCH AS 200,000 ACRES) ON THE OSA PENINSULA IN THE EARLY 1960'S, AND FOR SEVERAL YEARS UNSUCCESSFULLY TRIED TO DEVELOP A LUMBER AND WOOD PRODUCTS INDUSTRY THERE. ALL OR PART OF THE HOLDINGS WERE APPARENTLY PUT UP FOR SALE IN 1972, BUT THE OWNERS LATER DECIDED NOT TO SELL BUT RATHER DEVELOP THE LAND FOR TOURIST PURPOSES. AT THIS JUNCTURE, A GLIB AMERICAN PROMOTER, (SELF- PROCLAIMED " CAPTAIN") DONALD P. ALLEN ENTERED THE SCENE. ALLEN QUICKLY BECAME A CENTER OF CONTROVERSY, AND SEVERE-- ALTHOUGH UNSUBSTANTIATED-- CHARGES OF PAST FRAUD, ROBBERY, AND FLIGHT TO AVOID PROSECUTION HAVE BEEN LEVELED AGAINST HIM. HE IN TURN CHARGES THAT HIS CRITICS ARE " OUT TO GET HIM" BECAUSE OF HIS LUCRATIVE INVOLVEMENT IN A PROJECT WHICH HE ENVISIONS AS A " SECOND ACAPULCO". ALLEN ALSO CLAIMS POWERFUL POLITICAL AND FINANCIAL BACKING FROM THE U. S. (MENTIONING THE HYATT HOUSE HOTEL CHAIN) AND IN KUWAIT. ACCORDING TO ALLEN, HIS PRINCIPAL ASSOCIATES ARE JAY PRITZLER, HYATT CORPORATION, AND WILFORD GONYEA, AN OREGON LUMBERMAN. ALLEN CLAIMS THAT OSA PRODUCTOS FORESTALES HAS A NET WORTH OF \$12 MILLION.

3. THE PROMINENT COSTA RICAN LAW FIRM OF FFACIO, FOURNIER AND CANAS IS REPRESENTING OSA IN COSTA RICA. PARTNERS IN THIS FIRM ARE PROMINENT GOCR OFFICIALS AND SOME HAVE BEEN DEEPLY INVOLVED IN THE GOCR'S RELATIONS WITH U. S. FINANCIER ROBERT VESCO. ALLEN CLAIMS TO HAVE GOOD CONTACTS IN POLICE AND INTELLIGENCE CIRCLES

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IN THE U. S. CARE SHOULD BE TAKEN TO AVOID REVEALING THE EMBASSY'S CONCERN ABOUT ALLEN'S ACTIVITIES IN ORDER TO AVOID WORD REACHING GOCR OFFICIALS WHO MAY BE COLLABORATING WITH HIM. THE PROPERTIES ON THE OSA PENINSULA HAVE ALSO BEEN RUMORED AS THE POSSIBLE LOCATION OF SUBSTANTIAL URANIUM DEPOSITS (SEE REFERENCED AIRGRAM).

4. ALLEN HAS A HISTORY OF PRIOR INVOLVEMENT IN CENTRAL AMERICA, AND ONCE OPERATED A FIRM CALLED THE SPANISH MAIN COMPANY IN GUATEMALA CITY AND SANH ANTONIO, TEXAS. EMBASSY SAN JOSE HAS PREVIOUSLY ASKED LEGATT MANAGUA FOR INFORMATION ABOUT THIS COMPANY AND RECEIVED A REPORT THAT IT APPEARS TO BE A ONE- MAN OPERATION INVOLVED IN LAND DEVELOPMENT AND " CREW SHIP OPERATIONS". ALLEN REPORTEDLY HAS A BACKGROUND IN ELECTRONICS AND HELD SEVERAL CONSULTANT JOBS BEFORE STARTING AN APPLIANCE REPAIR BUSINESS OPERATED BY MEMBERS OF HIS FAMILY IN SAN ANTONIO. THE EMBASSY WOULD APPRECIATE ANY OTHER INFORMATION THAT CA POSTS MAY HAVE REGARDING ALLEN, ESPECIALLY WITH REFERENCE TO CHARGES THAT HE STOLE A BOAT AND LEFT BAD CHECKS BEHIND IN HONDURAS.

5. COMMENT: THE SUBJECT OF LAND SALES TO FOREIGNERS-- MOSTLY AMERICANS-- IS BECOMING MORE SENSITIVE EVERY DAY IN COSTA RICA, AND MAY BECOME AN ISSUE IN CAMPAIGN FOR THE FEBRUARY 1974 GENERAL ELECTIONS. THE OSA FIRM IS THE LATEST ONE TO DRAW CRITICAL ATTENTION, BUT SEVERAL OTHER U. S. OWNED FIRMS HAVE BEEN CHARGED WITH NOT COMPLYING WITH LOCAL LEGAL REQUIREMENTS WHEN THEY ADVERTISED LAND FOR SALE, BOTH HERE AND IN THE UNITED STATES. THERE HAVE ALSO BEEN SEVERAL INSTANCES OF LAND SQUATTERS " INVADING" PROPERTY OWNED BY AMERICANS, WITH THE U. S. OWNERS CHARGING THAT THE INVASIONS ARE COMMUNIST- ORGANIZED AND CLAIMING THAT THEY CANNOT RECEIVE FAIR TREATMENT FROM ITCOTJ THE GOCR LAND REFORM AGENCY CHARGED WITH HANDLING SQUATTER MATTERS.

6. ACTION REQUESTED: IN ADDITION TO ANY
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INFORMATION AVAILABLE FROM CA EMBASSIES, THE EMBASSY REQUESTS A NAME CHECK BE RUN ON DONALD P. ALLEN WITH U. S. LAW ENFORCEMENT AGENCIES.
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